

STATE OF COLORADO PERFORMANCE PAY SYSTEM

COLORADO DEPARTMENT OF TRANSPORTATION



PERFORMANCE PAY PROGRAM IMPLEMENTATION PLAN

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COLORADO DEPARTMENT OF TRANSPORTATION PERFORMANCE PAY PROGRAM

IMPLEMENTATION PLAN FOR COLORADO'S PERFORMANCE PAY SYSTEM

November 2004

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I. Introduction

This document is the implementation plan for the performance pay program at the Colorado Department of Transportation (CDOT). Within the state's performance pay system rules, CDOT's Executive Management Team (EMT) makes all policy decisions concerning the implementation of the performance pay program at CDOT. This implementation plan has been approved by the Executive Director and the EMT.

CDOT's program adheres to the uniform and consistent performance pay system guidelines established for all state agencies. CDOT's program is and shall be revised, as necessary by CDOT's Executive Director and EMT to remain consistent with all requirements of the state's performance pay system and the Personnel Board Rules and State Personnel Director's Administrative Procedures. Revised implementation plans will be submitted to the State Personnel Director, as required, for approval prior to implementation.

The following individuals/entities are responsible for leading implementation and management of the performance pay program at CDOT.

- CDOT's Executive Director provides executive oversight of CDOT's performance pay program.
- CDOT's Executive Management Team (EMT) provides input into the policies and processes of CDOT's performance pay program. The EMT is comprised of CDOT's Executive Director, all division and office directors and all Regional Transportation Directors.
- CDOT's Center for Human Resource Management (CHRM) manages the performance pay program at CDOT under the direction of the Executive Director and the EMT.

CDOT's performance pay program consists of three components: performance management, dispute resolution, and performance salary adjustments.

II. Performance Management

CDOT defines performance management as the process of linking individual employee objectives to business strategy. This includes aligning and evaluating employee performance in the context of organizational goals and objectives.

An employee performance evaluation form (3P Form) has been created for CDOT's performance pay program to document the performance management process for each CDOT employee. CDOT's 3P Form is contained in CDOT's performance pay program training materials. The form is also available electronically from CDOT's Center for Human Resource Management (CHRM)

intranet web site. The electronic version of the form is a template enabling supervisors to tab through the form while completing it.

CDOT's schedule for the annual performance management cycle is:

Activity	Date
Performance planning	February-March (work unit and employee plans due by April 1)
Dispute resolution for annual performance plan	Within five working days of disputed event
Performance progress review	September/October
Final performance review (meeting between supervisor or lead worker and employee)	February/March
Performance rating (negotiation among supervisor, reviewer and optionally the appointing authority to determine employee's final performance rating)	February-March
Employee's notification of final performance rating	By March 31
Dispute resolution process for final rating	April

Note: Per P-6-1 (D) CDOT's schedule for the first statewide annual performance management cycle shall begin May 1, 2005 (the current start date) and end no later than March 31, 2006, and all subsequent cycles shall be April 1 through March 31.)

Based on cumulative experience with the performance pay program, these due dates will be revised as necessary in order to maintain the most efficient and effective performance management system at CDOT.

The four key components of CDOT's performance management program are:

- Performance planning
- Performance progress review
- Final performance review
- Performance rating (evaluation)

Performance Planning

The performance planning process establishes the foundation for an effective performance management process. A well-crafted performance plan informs the employee of the criteria that will be used to evaluate his/her performance several months into the future. The performance plan provides important clarity to the

employee on the priorities for his/her job. The plan also provides a basis upon which the supervisor can direct his/her coaching and development activities toward each employee throughout the evaluation period.

Every employee's annual performance plan should align with CDOT goals and objectives comprising CDOT's strategic plan. An important component of CDOT's strategy involves the five investment categories of system quality, safety, mobility, strategic projects and program delivery. Each investment category has associated core services and performance measures. The linkages from mission statement to investment categories, to higher-level performance measures to unit performance measures, to employee-level performance measures establish the critical "line of sight" necessary to realize the full benefits of performance management.

The planning process for an employee's plan also evolves from the performance rating from the prior evaluation period. Areas for improvement that are identified during the prior performance review and rating processes can become points of emphasis for the following year's performance plan.

Performance planning involves a mandatory meeting between every employee and his/her supervisor or a lead worker assigned by the supervisor at the beginning of the evaluation cycle. This planning meeting consists of:

1. A review of CDOT's mission and goals.
2. A review and discussion of the unit's work plan for the upcoming year. This unit work plan typically contains the unit's priorities for the year.
3. A statement concerning which of CDOT's competency areas will be used to determine an employee's performance rating and the relative importance of each competency area.

Competency areas are key capabilities required for satisfactory job performance within the context of an employee's job roles and responsibilities. Competencies are broader in scope than job duties and apply across major job categories.

Statewide uniform core competencies, defined by the State Personnel Director, are included on every employee's performance plan and the employee's performance on these core competencies will be used in determining every employee's final overall performance rating.

Teamwork, if an important part of an employee's job, can be included as a component of an employee's performance plan. Teamwork should be weighted proportionately to its relative level of importance in performing the job.

The performance plan for all supervisors specifies that the supervisor's effectiveness in performing the performance management functions is one criterion used in determining every supervisor's final overall performance rating.

4. A review of the Individual Performance Objectives (IPOs) on which the employee's performance will be evaluated when the final performance rating is determined. IPOs are written statements that clearly communicate management's performance expectations in specific areas. IPOs represent "points of emphasis" of on-going job activities as well as new initiatives for the year. IPOs are an optional part of the performance planning process. At this point, the employee's PDQ should be reviewed to determine if new IPO's or work plans indicate that the PDQ should be updated.

The manner in which each supervisor or lead worker conducts the performance planning meeting is left to the discretion of the supervisor or lead worker. However, the supervisor must have a written copy of the employee's performance plan available for the supervisor, lead worker (if applicable) and employee to sign. Supervisors may elect to involve employees in developing the employee's performance plan.

If a supervisor fails to provide an employee with an annual performance plan, the supervisor's reviewer who may be any position in the supervisory chain, at the discretion of the Appointing Authority, is responsible for completing the plan. If the reviewer fails to complete the plan in a timely manner, the reviewer's supervisor is responsible for completing the plan and on up the employee's line of supervision until the employee's annual performance plan is completed.

Sanctions for failure to provide an employee with an annual performance plan will be imposed. Absent extraordinary circumstances, failure by a supervisor to provide a timely plan results in a corrective action and/or ineligibility for a performance salary adjustment. If the individual performance plan is not completed within 30 days of a corrective action, the supervisor shall be disciplinarily suspended in increments of one workweek following the pre-disciplinary meeting.

Performance Progress Review

Performance progress review(s) involves at least one mandatory and documented meeting during the year between every employee and his/her supervisor or assigned lead worker. Coaching and feedback are important objectives of this meeting. This meeting consists of:

1. A review and discussion of the unit's work plan and any modifications resulting from changed business conditions since the plan was initially developed.
2. A review and discussion of the employee's performance on the competency areas selected during the performance planning phase.
3. A review and discussion of the employee's performance in satisfying the IPOs established during the performance planning phase.
4. Agreement on modifications to the employee's performance plan (i.e., competency areas and/or IPOs) resulting from changed business conditions since the plan was initially developed.

Final Performance Review

The final performance review involves a mandatory meeting between every employee and his/her supervisor or assigned lead worker. This meeting consists of:

1. A review and discussion of all relevant performance data accumulated throughout the evaluation period.
2. A review and discussion of the employee's performance on the selected competency areas throughout the evaluation period.
3. A review and discussion of the employee's performance on the IPOs.

The supervisor does not provide the employee with a final performance rating at the final performance review meeting since the final rating is subject to further review.

Performance Rating

All employees shall be evaluated, in writing, at least annually based on their job performance during the previous evaluation period. Performance ratings will be based on four levels, with the first level indicating unsatisfactory performance. Performance ratings are based on a qualitative system that is uniform throughout the department. All ratings conform to the four-level rating scale.

The four rating levels are defined as follows:

Level 4-Outstanding

This rating represents a consistently exceptional employee with documented performance achievements or an employee who shows consistently superior achievement(s) beyond the regular assignment. Employees at this level make

exceptional contribution and have a significant and positive impact on the performance of the unit or the organization and may materially advance the mission of the organization. The employee provides a model for excellence and helps others to do their jobs better. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.

Level 3 – Very Good

This rating level encompasses the accomplished performers who consistently exhibit the desired competencies effectively and independently while frequently exceeding expectations, standards, requirements, and objectives of the job assigned. Their work has a documented impact beyond the regular assignments and performance objectives that directly supports the mission of the organization.

Level 2 - Good

This rating level encompasses a range of expected performance. It includes those employees who exhibit competent work behaviors, skills, and assignments for the job as well as those employees who are successfully developing in the job. These employees are meeting all the expectations, standards, requirements, and objectives on their performance plan and, on occasion, may exceed them. This is the employee who reliably performs the job assigned.

Level 1 – Needs Improvement

This rating level encompasses those employees whose performance does not consistently and independently meet expectations set forth in the performance plan as well as those employees whose performance is clearly unsatisfactory and consistently fails to meet requirements and expectations.

Following the final performance review, the supervisor recommends to his/her reviewer, a final performance rating for the employee based on the supervisor's observations and input from the employee. At the discretion of the Appointing Authority, the supervisor's reviewer may be any position in the supervisory chain. The supervisor's recommended performance rating represents a fact-supported judgmental rating by the supervisor based on job-relevant performance information obtained from a variety of sources. The performance rating is determined through the principle of "preponderance of data."

Competency Area Ratings. The first step a supervisor takes in deriving a final performance rating recommendation is to rate the employee's performance on each selected competency area. The competency area rating uses the same four-level rating scale established for the performance pay program.

To arrive at a competency area rating recommendation, the supervisor considers the employee's performance on work factors related to the competency. The factors to be considered were identified during the performance planning process.

Teamwork, if included on an employee's annual performance plan, is considered in proportion to its weight determined during performance planning when the associated competency area rating is determined.

An evaluation of the supervisor's effectiveness in performing the performance management functions involving his/her employees is one criterion used when the supervisor's rating is determined for the associated competency area.

Another part of the performance data considered in determining a rating for the competency area is derived from the employee's performance on those IPOs related to the competency area.

Rating Recommendation. Once the supervisor provides a rating recommendation for each of the selected competency areas, the supervisor develops a final (composite) performance rating recommendation based on (1) the ratings for each competency area and the relative importance of each competency area to the employee's job and (2) all other relative performance data. Other relative performance data may include results from customer surveys, multi-source assessment processes (e.g., 360 degree evaluation tools) or team-based participation.

CDOT's method of determining performance ratings is based upon the experience, ability and responsibility of supervisors to distinguish levels of performance among employees. Supervisors are expected to examine each employee's performance from the perspective of performance on the selected competency areas and IPOs, examine other job-relevant information, compare each employee's performance with other employees in the unit and make a fact-supported recommendation of each employee's performance rating to the reviewer.

A performance rating is a fact-supported judgmental rating supported by a preponderance of job-relevant performance information from a variety of sources. ONCE THE SUPERVISOR DETERMINES A FINAL PERFORMANCE RATING RECOMMENDATION, THIS RECOMMENDATION IS FORWARDED TO THE REVIEWER AND OPTIONALLY TO THE APPOINTING AUTHORITY FOR CONSIDERATION, APPROVAL OR MODIFICATION. THIS RATING RECOMMENDATION IS NOT COMMUNICATED TO THE EMPLOYEE. THE SUPERVISOR'S REVIEWER MAY BE THE SUPERVISOR'S IMMEDIATE SUPERVISOR; HOWEVER, AT THE DISCRETION OF THE APPOINTING AUTHORITY, THE REVIEWER MAY BE ANY POSITION IN THE SUPERVISORY CHAIN. CONDUCT OF A SECOND-LEVEL REVIEW BY THE APPOINTING AUTHORITY OR DESIGNEE IS AT THE DISCRETION OF THE APPOINTING AUTHORITY.

General guidelines for distinguishing *Outstanding* performance are based on unusual levels of performance during the year. Justification of an *Outstanding* rating might include one or more of the following elements:

- Exceptionally high production levels within a measurable activity.
- Consistently exceptional documented performance achievements or consistently superior achievement(s) beyond the regular assignment. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.
- Exceptional contribution and a significant and positive impact on the performance of the unit or the organization.
- Exceptional response to an unforeseen event, such as a workplace emergency.
- Exceptionally high reliability in work performance, as measured by attendance, willingness to take on new tasks, etc.
- A model for excellence, helping others to do their jobs better.
- Unusual expertise that might have been gained by special training.

Final Rating. Final performance ratings must be communicated to each employee by the supervisor or assigned lead worker by an established date. For the 2005-2006 performance management cycle, and thereafter, final performance ratings must be communicated to each employee by March 31 of each year.

Each performance rating represents an agreement between the employee's supervisor, supervisor's reviewer, and possibly a higher-level manager (e.g., appointing authority in the employee's line of authority). At the Appointing Authority's discretion, the reviewer may be any position in the supervisory chain. The reviewer consults with the supervisor, views the performance of all employees within the reviewer's larger area of responsibility, and determines the final performance rating for each employee. An employee's final performance rating therefore reflects the relative performance of the employee as judged by the supervisor and the reviewer. This process takes advantage of the reviewer's broader organizational perspective of performance derived from overseeing multiple organizational units. This review process may, at the discretion of the appointing authority, be repeated at a level above the employee's reviewer.

The reviewer functions in a quality control role ensuring that performance ratings reflect valid differences in performance levels among employees, not differences resulting from rating scale differences used by different supervisors (e.g., easy versus hard raters). Ultimately, each appointing authority is responsible for maintaining quality control over the performance management process in his/her

organization. Part of this quality control is to ensure the equity and fairness of employee ratings across all units reporting to the appointing authority. In the event of a disagreement among supervisor, manager and appointing authority regarding an employee's final performance rating, the appointing authority determines the rating.

Quotas or forced distribution processes for determining the number of ratings in any of the four performance levels will not be established or used.

Once an employee's final performance rating is determined by the supervisor, reviewer and appointing authority, the supervisor or the supervisor's assigned lead worker informs the employee of the final performance rating. The supervisor should make a serious effort to keep to a minimum the time between the final performance review meeting and communicating the final performance rating to the employee.

If a supervisor fails to provide an employee with a final performance rating, the supervisor's reviewer, who may be any position in the supervisory chain at the Appointing Authority's discretion, is responsible for completing the rating. If the reviewer fails to complete the performance rating in a timely manner, the reviewer's supervisor is responsible for completing the rating and on up the employee's line of supervision.

In the event an employee does not receive a final performance rating in a timely manner, a default final performance rating of Level 2 (i.e., first satisfactory rating) is awarded. This default rating is used in the process of determining the employee's performance salary adjustment amount.

Sanctions for failure to provide an employee with a final performance rating will be imposed. Absent extraordinary circumstances, failure by a supervisor to provide a timely rating results in a corrective action and/or ineligibility for a performance salary adjustment. If the final performance rating is not completed within 30 days of a corrective action, the supervisor shall be disciplinarily suspended in increments of one workweek following the pre-disciplinary meeting.

A Needs Improvement rating, denoting unsatisfactory performance, results in a performance improvement plan or a corrective action. Supervisors ensure that sufficient documentation exists to support the rating and follow-up action. The performance improvement plan or corrective action shall specify the reason for the action, the desired behavior or outcomes expected from the employee to remedy the situation and the period of time the employee has to comply with the desired behavioral changes or performance outcomes.

The supervisor shall meet with the employee by the last day specified in the plan or action to review the employee's performance. The supervisor might decide to:

- Modify the *Needs Improvement* rating to a *Good* rating or above;
- Extend the period of time the employee has to comply with the desired behavioral changes or performance outcomes and continue the performance improvement plan or corrective action;
- Pursue more severe action against the employee (e.g., disciplinary action); or
- Take other appropriate action based on the merits of the situation.

The supervisor shall document the action and retain the documentation for future use.

CDOT's handling of performance matters complies with all procedures contained in the Personnel Board Rules and Personnel Director's Administrative Procedures, including Chapter 6 on Performance.

III. Dispute Resolution

CDOT's dispute resolution process for the performance pay program is a separate process from grievances or appeals, reflecting its emphasis on a more flexible, informal approach to resolving disputes related to the performance pay program. This process shall be open and impartial and will allow the parties an opportunity to have issues heard. Effort will be made to resolve disputes informally at the lowest level possible.

CDOT's process adheres to all requirements established by the State Personnel Director, including all applicable timelines for filing and completion of the process.

The formal dispute resolution system for the performance pay program has two stages -- CDOT's internal stage and a stage external to CDOT that is defined and administered by the State Personnel Director and Department of Personnel and Administration. Appointing authorities are the decision-makers in the internal dispute resolution process. Appointing authorities may delegate this authority, but the delegation must be in writing and publicized in advance. All employees must be notified annually of the authorized decision-maker for their disputes (i.e., the appointing authority or the named designee).

CDOT will communicate the internal dispute resolution process to all employees. This communication includes time limits for filing written requests, who will review and decide issues, time limits for issuing written decisions, and other requirements established by the State Personnel Director.

No party has an absolute right to legal representation during the dispute resolution process, but both parties may have present an advisor of the respective party's choice. The parties are expected to represent and speak for themselves.

Retaliation against any person involved in the dispute resolution process is prohibited.

Bases for Disputes

An employee may dispute the following issues:

- His/her own performance plan (or lack of a plan) during the planning cycle;
- His/her own final performance rating, including lack of a rating.
- The application of CDOT's performance pay program, policies, or processes to the individual employee's performance plan and/or evaluation; and
- Full payment of an award.

Decisions reached through the dispute resolution process for CDOT's performance pay program on the first two items are final and binding. Employees may escalate the review process to the Department of Personnel and Administration for an external review based on the latter two criteria after CDOT's internal review process has been completed.

Not subject to dispute resolution involving CDOT's performance pay program are:

- The content of CDOT's performance pay program;
- His/her own interim performance rating (if applicable) or performance progress review;
- A performance improvement plan (if applicable);
- The performance evaluations and salary adjustments of other employees;
- Matters related to the funds appropriated; and
- The amount of a performance salary adjustment, including whether it is base building, non-base building, any combination, or none unless the issue involves the application of CDOT's performance pay program.

Only issues originally presented in writing at step 1 of the CDOT's internal stage of the dispute shall be considered throughout the dispute resolution process.

Employees who receive a corrective action as the result of a performance rating or who allege discrimination in the performance planning or rating processes may initiate a grievance in accordance with CDOT's grievance procedure.

Internal Stage

CDOT's internal stage of the performance pay program dispute resolution process follows a two-step chain-of-command process. This process is:

Step 1. The employee and his/her supervisor, or designee, work together to resolve the dispute at their level. The employee must initiate a Step 1 dispute within five (5) working days of the event being disputed. The supervisor has five (5) working days from when the dispute is initiated to inform the employee in writing of the dispute decision. The supervisor cannot render a decision that would alter CDOT's performance pay program. If the employee's immediate supervisor is also the appointing authority, the employee begins the process at Step 2.

Step 2. If the dispute has not been resolved to the employee's satisfaction during the informal resolution period of time, the employee may elect to escalate the dispute by submitting the dispute in writing on CDOT Form 1293a ("Performance Pay Program Dispute Resolution Form") to the reviewer. The reviewer is typically the supervisor's immediate (i.e., the employee's second level) supervisor. The written dispute must be submitted to the reviewer within five (5) working days following the unsatisfactory conclusion of the informal resolution process between the employee and supervisor.

CDOT's performance evaluation form (3P Form) specifies that written disputes are to be directed to the employee's second level supervisor (reviewer) unless otherwise notified in writing by the appointing authority or designee. If someone other than the original reviewer takes part in the dispute resolution process, the designee must be delegated in writing by the appointing authority.

The reviewer has five (5) working days from receipt of the written dispute to render a written decision. In order to make a more informed judgment the reviewer may discuss the matter with the supervisor and employee involved in the dispute. The reviewer, who may be anyone in the supervisory chain, at the discretion of the Appointing Authority, and/or the Appointing Authority, may conduct an independent investigation of the disputed rating, and may decide to change the disputed rating based on job-relevant performance information. The reviewer may instruct the rater to:

- Follow CDOT's performance pay program,
- Correct errors,

- Reconsider a performance plan or final performance rating,
- Suggest other appropriate processes, such as mediation. The reviewer cannot render a decision that would alter CDOT's performance pay program.

Final resolution of issues concerning the individual's performance plan (or lack of plan) and the individual's performance evaluation (including assignment of a default *Good* final performance rating) shall occur at the internal stage of the dispute resolution process. Employees will have no further recourse for resolution of these disputes under the performance pay program. The reviewer sends a copy of the resolution decision to the employee.

External Stage

Following the completion of CDOT's internal dispute resolution process, employees dissatisfied with the resolution of disputes concerning: 1) application of CDOT's performance pay program, policies or processes to the individual employee's performance plan and/or evaluation; or 2) full payment of a performance salary adjustment (if relevant) may proceed to the external stage of the dispute resolution process administered by the State Personnel Director.

Employees are provided written notice by the Appointing Authority or the reviewer that they may, after completion of the internal stage, submit a written request to the State Personnel Director for consideration of the dispute under the external stage of the dispute resolution process. Notice shall include deadlines for filing, a list of what must be included in the request, and the address for filing.

The employee must make the request to the State Personnel Director within five (5) working days of the final decision from CDOT's internal stage and must include copies of the original issues and the final agency decision.

IV. Training and Communications

Performance Pay Program Orientation, Training and Support

All new employees are required to attend an orientation regarding CDOT's Performance Pay Program. All supervisors are required to attend training regarding CDOT's Performance Pay Program.

All employees and supervisors are required to attend an orientation to and/or training in CDOT's performance pay program. CDOT appointing authorities choose from incorporating performance pay program information into their organization's employee orientation programs or sending employees and supervisors to performance pay program training sessions offered periodically throughout the year by the Training Office. Topics covered in performance pay program training have included:

- Overview of CDOT's performance pay program;
- Defining performance levels;
- Performance management cycle;
- CDOT competency areas;
- Employee performance plans;
- Individual performance objectives and performance measures;
- Unit work plans;
- CDOT's strategic plan;
- CDOT's performance management system;
- Completing CDOT's performance evaluation form (3P Form);
- Defining levels of job performance; and
- Performance-based pay and performance salary adjustments

CDOT's performance pay program training will be supplemented as enhancements to the state's performance pay system or CDOT's performance pay program are made. Details of performance-based pay as contained in the State Personnel Director's Administrative Procedures are incorporated into the training.

CDOT's training covers the development of good performance measures in the form of Individual Performance Objectives (IPOs). Information on developing IPOs is available in CDOT's performance pay program training manual as well as from the Training Office and the Center for Human Resource Management (CHRM). Contained on CHRM's intranet web site is a database of more than 200 sample IPOs to be used by supervisors as prototypic examples of well-written IPOs. These IPOs were developed following the SMART (Specific, Measurable, Achievable, Results-oriented, Time-bound) criteria.

Also contained on CHRM's intranet is the document, "Supervisor's Guide to CDOT's Performance Pay Program," a step-by-step guide to assist supervisors in completing CDOT's performance pay program process. Samples of unit work plans are also contained on the intranet to assist supervisors in developing their own unit work plans.

CDOT's Center for Human Resource Management conducts customized workshops for organizational units interested in developing annual work plans and relevant performance measures.

Communications

Performance pay program information is disseminated to employees through various communication methods. These methods include:

- *Transpo-Topics*, a monthly newsletter from the Executive Director inserted into paycheck stubs mailed to all CDOT employees;
- *The CDOT Insider*, a quarterly publication mailed to all CDOT employees;

- Postings on the Center for Human Resource Management (CHRM) intranet web site;
- Electronic mail to CDOT supervisors;
- Periodic updates posted on CDOT's weekly public announcements dispersed through department-wide e-mail;
- Periodic updates at Executive Management Team meetings whose members then communicate updated information throughout their respective organizations;
- Periodic information meetings conducted throughout the department; and
- Answers from CHRM personnel to employee questions.

V. Performance Salary Adjustments

Intra Department Allocation of Award Funds

CDOT's Office of Financial Management and Budget (OFMB) submits a budget request mid-year projecting the personal services budget needs for the following fiscal year. This projection includes an estimate of performance salary adjustment dollars to be allocated at the end of the fiscal year. These projections take into consideration the distribution of employee salaries within the respective pay range and proximity to the respective pay range maximum.

Once CDOT receives confirmation of the department's projected personal services budget for the following fiscal year and the performance salary adjustment allocation amount, OFMB calculates the proportion of CDOT's total performance salary adjustment budget to be allocated to each appointing authority's organization (division, transportation region, office). The proportion of performance salary adjustment funds distributed to each organization is based on allocation guidelines approved by the Executive Director and/or EMT, and as specified in the state personnel rules, not to exceed CDOT's total performance salary adjustment allocation amount. CDOT's EMT functions as an executive compensation committee that oversees the allocation of performance salary adjustment funds throughout CDOT to ensure fairness.

CDOT's allocation process allows the Executive Director to reserve a proportion of the total performance salary adjustment budget for performance incentive awards to selected meritorious organizations.

Unless determined otherwise by the Executive Director, an organization's performance salary adjustment allocation is a function of each employee's salary and its proximity to its corresponding pay range maximum. At the request of the

Executive Director or EMT, this allocation process is cascaded down each appointing authority's organization until each organizational unit receives its proportion of the performance salary adjustment funds.

To ensure CDOT's performance pay program is cost-neutral as required by statute, total performance salary adjustment dollars will not exceed CDOT's total performance salary adjustment allocation.

Performance Salary Adjustment Distribution

All performance salary adjustment distributions adhere to the following performance pay system rules on performance awards.

1. Annual base building salary adjustments (for all rating levels) and non-base building performance salary adjustments (for *Outstanding* ratings where the adjustment amount exceeds grade maximum) will be a percentage of salary, effective on the statewide common date of July 1.
2. All salary adjustments are subject to available funding and no salary adjustment will be guaranteed.
3. Source of funding and length of state service will not be used as standards in determining individual employee performance salary adjustment amounts.
4. Appointing authorities will make pay decisions based on the evaluations completed by raters and reviewers and within system boundaries.
5. Regardless of the performance level, an employee cannot be granted a salary adjustment or combination of awards greater than the set performance salary adjustment maximum.
6. *Needs Improvement* performers (employees receiving the lowest rating) are not eligible for a performance salary adjustment.
7. All performance salary adjustments are effective on July 1 and payable in the July paycheck. The salary adjustment is based on the final overall evaluation and the performance pay program for the employee's current department as of July 1. An employee entitled to a performance salary adjustment will not be denied the award because of a corrective or disciplinary action occurring after July 1.
8. For those employees below the pay range maximum, *Good* through *Outstanding* performers are eligible for base building performance salary adjustments. No base building award can be granted that results in a base salary that exceeds the pay range maximum. Only *Outstanding*

performers may be granted a non-base building salary adjustment that results in a dollar amount above the pay range maximum. Any portion of the adjustment amount that exceeds pay range maximum shall be paid as a one-time lump sum in the July payroll.

9. Prior to payment of annual performance salary adjustments, CDOT's Executive Director shall specify and publish the percentage ranges for performance levels based on the available statewide performance pay funding.
10. The Executive Director or EMT will specify annually the maximum award amount percentages for *Good* and *Very Good* based on the organization's budget, distribution of ratings and employee demographics (e.g., salary distribution). The award percentage for each rating level will adhere to the following rules.

For Employees Below Their Pay Range Maximum	
Performance Level	Performance Salary Adjustment
<i>Needs Improvement</i>	0%
<i>Good</i>	More than 0% to X%, not to exceed pay range maximum
<i>Very Good</i>	More than X% to Y%, not to exceed pay range maximum
<i>Outstanding</i>	More than Y% to Z%, only non-base building salary adjustments above pay range maximum

Z% is established annually by the State Personnel Director.

For Employees At or Above Their Pay Range Maximum	
Performance Level	Performance Salary Adjustment
<i>Needs Improvement</i>	0%
<i>Good</i>	0%
<i>Very Good</i>	0%
<i>Outstanding</i>	0% to Z%, only non-base building awards above pay range maximum

11. "Non-base building performance salary adjustments must be paid in full to the employee, even if the employee terminates employment." Non-base building salary adjustments are one-time salary adjustments and are paid in one lump-sum amount each July.

12. CDOT employees must be employed on July 1 to be eligible for non-base building salary adjustments resulting from the prior evaluation period. “Non-base building performance salary adjustments must be paid in full to the employee, even if the employee terminates employment.”
13. Performance salary adjustment amounts for CDOT employees hired during the year may be pro-rated based on employment time. The EMT will determine if a pro-rated salary adjustment schedule is to be used as well as the contents of that schedule. Unless a policy is otherwise established by the EMT, or there are changes to the personnel rules, employees hired during the evaluation period will receive a full performance salary adjustment.
14. Total salary adjustment amounts to employees do not include the value of any non-salary or monetary incentive rewards that are distributed.
15. Employees transferring to CDOT from another agency between April 1 and July 1, receive a salary adjustment based on the final overall evaluation and the performance pay program for the employee’s current department as of July 1, including an employee who moves to another department after receiving a final overall evaluation but prior to payment of the award. Employees transferring to CDOT from another agency during the evaluation period are awarded a salary adjustment based on (1) the final performance rating assigned by CDOT and (2) CDOT’s performance salary adjustment percentages.

Communication of Performance Salary Adjustment Amounts

Data from CDOT's data warehouse will be used to generate individual employee performance salary adjustment letters specifying each employee’s base building and non-base building (for *Outstanding ratings* only) awards as well as the employee’s new base salary. These letters will be mailed to all employees in July.

Schedule for Performance-Based Pay

Note: As per P-6-1 (D) the schedule dates will change for performance cycle ending March 31, 2006.

Activity	Date
Employee performance ratings due	March 31
Performance pay program dispute resolution process completed	April
Appointing authorities work with subordinate managers to determine employee performance award distributions	April/May
Appointing authority makes final approval of employee performance awards	May
CDOT Budget Office completes review of process	May
Performance award decisions uploaded into EMPL	July
Employees notified of performance salary adjustment (base building and non-base building) amounts	July
Performance salary adjustment pay-out	July

Non-Salary and Monetary Incentive Rewards

As provided by the state personnel system, employees are eligible to receive CDOT non-salary and monetary incentive rewards, regardless of position in the pay range, to supplement salary-based performance salary adjustments. Non-salary and monetary incentive rewards are awarded according to CDOT's Non-Salary Incentive Awards Program established by the EMT. Each EMT member submits to the Executive Director an implementation plan specifying how the rewards program is managed within his/her organization.

VI. Performance Pay Program Monitoring, Evaluation and Reporting

CDOT will provide timely information to the State Personnel Director, as requested. To accomplish this, CDOT collects, analyzes and reports on data applicable for evaluating the effectiveness of CDOT's performance pay program. In addition to providing the results to the State Personnel Director, the results are reviewed by the EMT for the purpose of making continuous improvements to the program.

Oversight of CDOT's performance pay program by the EMT functions as an executive compensation committee that performs a quality assurance review process. This quality assurance process contributes to more accurate and consistent ratings prior to employees receiving their final performance ratings as well as more equitable performance awards across supervisors and raters throughout the organization.

Performance Measures

Measures to evaluate the quality of CDOT's performance pay program include:

1. Proportion of CDOT employees participating in a performance planning meeting with their respective supervisor or assigned lead worker by the established due date.
2. Proportion of CDOT employees receiving a final performance rating by the established due date.
3. Proportion of final performance ratings for each rating level.
4. Number of CDOT employees submitting a step 2 formal written dispute seeking resolution.
5. Proportion of performance salary adjustment decisions made by the established due date.
6. Successful uploading of performance salary adjustment decisions into EMPL by the established date.
7. Total amount of appropriated dollars awarded to employees for performance salary adjustments .
8. Total amount of dollars awarded for each performance level.



CDOT Performance Pay Program 3P FORM

Employee Name: _____ Social Security #: _____
Class Title: _____ Position #: _____

Supervisor Name: _____ Organization: _____
Unit: jj
Class Title: _____ Position #: _____

Reviewer Name: _____ Position #: _____
Class Title: _____

Evaluation Period From: ___/___/___ to ___/___/___

I. PERFORMANCE PLANNING - to be done with employee (check box to indicate completion)

- ☐ Review and discuss departmental mission and goals.
- ☐ Review and discuss unit work plan.
- ☐ Identify and review Individual Performance Objectives (IPOs).
- ☐ Identify and review Competency Areas that will be measured and indicate their relative importance for this position.

Leadworker Signature (if appropriate): _____ Date: _____
Supervisor Signature: _____ Date: _____
Employee Signature: _____ Date: _____

II. PERFORMANCE PROGRESS REVIEW(S) - to be done with employee (check box to indicate completion)

- ☐ Review and discuss unit work plan.
- ☐ Review and discuss progress toward any IPOs.
- ☐ Review and discuss performance on Competency Areas.

Leadworker Signature (if appropriate): _____ Date: _____
Supervisor Signature: _____ Date: _____
Employee Signature: _____ Date: _____

III. FINAL PERFORMANCE REVIEW - to be done with employee (check box to indicate completion)

- ☐ Review and discuss performance data.
- ☐ Review and discuss performance on IPOs.
- ☐ Review and discuss performance on Competency Areas.

IV. PERFORMANCE RATING - to be done with the supervisor and reviewer

- ☐ Determine performance rating for each Competency Area and enter ratings on following pages.
- ☐ Determine overall performance rating and check the final rating below.

<input type="checkbox"/> A (Outstanding) (Consistently exceeded expectations and/or made unusual & significant contributions)	<input type="checkbox"/> B (Very Good) (Exceeded expectations)	<input type="checkbox"/> C (Good) (Consistently met expectations)	<input type="checkbox"/> D (Needs Improvement) (Failed to meet expectations)
-----------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------	-----------------------------------------------------------------------------	----------------------------------------------------------------------------------------

Rating Type: ☐ Interim Rating Resulting from Employee: ☐ Transfer ☐ Promotion ☐ Demotion
☐ Annual Rating or Final Rating at Separation from CDOT

Leadworker Signature (if appropriate): _____ Date: _____
Supervisor Signature: _____ Date: _____

Reviewer Signature: _____ Date: _____
Appointing Authority or Designee: _____ Date: _____
I _____ ☐ Agree ☐ Disagree with the performance rating. Date: _____
Employee Signature

If the employee refuses to sign this form, the rater records the date on which the employee refused to sign on the line designated for the employee's signature. The employee has the right to initiate a dispute concerning the performance plan or performance rating. The employee has 5 working days from the date of the event to resolve the dispute informally with the supervisor. If not resolved satisfactorily, the employee may escalate the dispute to the reviewer (supervisor's immediate supervisor) by submitting the dispute in writing within 5 working days from the conclusion of the informal process.

The performance rating must be entered into the Performance Evaluation Tracking System (PETS) by authorized personnel. Authorized personnel must then submit the original copy of the 3P Form to CDOT's Center for Human Resource Management to be placed into the employee's personnel file.

INDIVIDUAL PERFORMANCE OBJECTIVES (IPO'S)

For each IPO, check the appropriate box(es) to indicate to which Competency Area(s) the IPO relates (Administration, Human Resource Management, Professional/Technical, People Skills). IPO's can address issues of professional development, work production, improving work processes, customer service (internal and external) or other job-relevant areas.

IPO #1	<input type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt
IPO #2	<input type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt
IPO #3	<input type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt
IPO #4	<input type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt
IPO #5	<input type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt
IPO #6	<input type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt
IPO #7	<input type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt

IPO #8	<input checked="" type="checkbox"/> Prof/Tech	<input type="checkbox"/> People Skills	<input type="checkbox"/> Admin	<input type="checkbox"/> HR Mgt
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COMPETENCY AREAS

Competency Area: PROFESSIONAL/TECHNICAL

Performance Planning: Importance of Professional/Technical Skills Competency for this position?

<input type="checkbox"/> Very Important <i>(Critical. Lack of competence results in poor quality of work.)</i>	<input type="checkbox"/> Important <i>(Necessary. Lack of competence limits work quality to a satisfactory level.)</i>	<input type="checkbox"/> Not Applicable <i>(Competency in this area is not important to this job.)</i>
--------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------

Factor: Quality, Quantity and Timeliness

- ☐ Skilled in job-specific knowledge necessary to provide the appropriate quantity and quality of work in a timely and efficient manner.
- ☐ Met expectations of quality for the assignment.
- ☐ Met expectations of quantity for the assignment.
- ☐ Met expectations of timeliness for the assignment.
- ☐ Utilized applicable laws, rules, regulations or policies.
- ☐ Maintained a safe and healthy work environment.

Factor: Accountability

- ☐ Demonstrated responsible personal and professional conduct that contributed to the overall goals and objectives of the department.
- ☐ Followed responsible leave practices and adhered to the sexual harassment, workplace violence and other relevant policies.

Factor: Communication

- ☐ Communicated effectively by actively listening and sharing relevant information with co-workers, supervisor(s) and customers so as to anticipate problems and ensure the department's effectiveness.
- ☐ Prepared documents that were complete, clear and effective.
- ☐ Communicated orally in a well-organized and effective manner.

Final Professional/Technical Competency Rating

<input type="checkbox"/> A (Outstanding) <i>(Consistently exceeded expectations and/or made unusual & significant contributions)</i>	<input type="checkbox"/> B (Very Good) <i>(Exceeded expectations)</i>	<input type="checkbox"/> C (Good) <i>(Consistently met expectations)</i>	<input type="checkbox"/> D (Needs Improvement) <i>(Failed to meet expectations)</i>
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Competency Area: PEOPLE SKILLS

Performance Planning: Importance of People Skills Competency for this position?

<input type="checkbox"/> Very Important <i>(Critical. Lack of competence results in poor quality of work.)</i>	<input type="checkbox"/> Important <i>(Necessary. Lack of competence limits work quality to a satisfactory level.)</i>	<input type="checkbox"/> Not Applicable <i>(Competency in this area is not important to this job.)</i>
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Factor: Interpersonal Skills

- ☐ Interacted effectively with others to establish and maintain smooth working relations.
- ☐ Supported, respected and acknowledged work well done by others.
- ☐ Recognized value in diversity.
- ☐ Demonstrated tact and diplomacy in negotiations or confrontations with others.

Factor: Customer Service

- ☐ Worked effectively with internal/external customers to satisfy product/service expectations.
- ☐ Conveyed a positive and professional image of the agency to others.
- ☐ Responded to requests for information, products or services effectively, promptly and courteously.
- ☐ Solicited and considered internal and external customer input to improve products and services.

Factor: Teamwork

- ☐ Made a positive contribution to building a team effort.

Final People Skills Competency Rating

<input type="checkbox"/> A (Outstanding) <i>(Consistently exceeded expectations and /or made unusual & significant contributions)</i>	<input type="checkbox"/> B (Very Good) <i>(Exceeded expectations)</i>	<input type="checkbox"/> C (Good) <i>(Consistently met expectations)</i>	<input type="checkbox"/> D (Needs Improvement) <i>(Failed to meet expectations)</i>
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Competency Area: ADMINISTRATION

Performance Planning: Importance of Administration Competency for this position?

<input type="checkbox"/> Very Important (Critical. Lack of competence results in poor quality of work.)	<input type="checkbox"/> Important (Necessary. Lack of competence limits work quality to a satisfactory level.)	<input type="checkbox"/> Not Applicable (Competency in this area is not important to this job.)
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Factor: Strategic Planning

- ☐ Prepared budget/work program estimates, justified budget requirements and stayed within budget.
- ☐ Developed clear, relevant objectives, plans and procedures supporting overall department goals.

Factor: Organizing and Coordinating

- ☐ Set priorities, schedules and deadlines.
- ☐ Maintained appropriate records, forms and documents.
- ☐ Maintained flexibility to respond to changing assignments and special requests.
- ☐ Coordinated and communicated with others across organizational boundaries.

Factor: Problem Analysis and Decision Making

- ☐ Defined current and potential problems in a timely manner and resolved where appropriate.
- ☐ Researched and analyzed facts, sought input, and considered options before making decisions.
- ☐ Maintained a perspective of overall organizational concern, including budget and cost control, when dealing with or resolving issues or problems.
- ☐ Assured decisions were made at, or referred to, appropriate level; supported decisions when made.
- ☐ Identified and recommended/implemented changes which could improve products or services.

Factor: Diversity

- ☐ Supported agency diversity plan, principles and policies

Final Administration Competency Rating

<input type="checkbox"/> A (Outstanding) (Consistently exceeded expectations and/or made unusual & significant contributions)	<input type="checkbox"/> B (Very Good) (Exceeded expectations)	<input type="checkbox"/> C (Good) (Consistently met expectations)	<input type="checkbox"/> D (Needs Improvement) (Failed to meet expectations)
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Competency Area: HUMAN RESOURCE MANAGEMENT

Performance Planning: Importance of Human Resource Management Competency for this position?

<input type="checkbox"/> Very Important (Critical. Lack of competence results in poor quality of work.)	<input type="checkbox"/> Important (Necessary. Lack of competence limits work quality to a satisfactory level.)	<input type="checkbox"/> Not Applicable (Competency in this area is not important to this job.)
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Factor: Performance Management

- ☐ Communicated goals, plans, objectives and deadlines to employees.
- ☐ Maintained knowledge of employee work to provide supervision, feedback and training for employees.
- ☐ Utilized employees' current skills and abilities and planned for future skills.
- ☐ Conducted performance planning and appraisals for employees with supporting justification.
- ☐ Emphasized and utilized teamwork to accomplish department goals.

Factor: Dispute Resolution

- ☐ Adhered to department and State policies and procedures, as appropriate, to resolve disputes.
- ☐ Resolved personnel issues or problems.
- ☐ Took a proactive approach to preventing employee disputes.

Final Human Resource Management Competency Rating			
<input type="checkbox"/> A (Outstanding) (Consistently exceeded expectations and /or made unusual & significant contributions)	<input type="checkbox"/> B (Very Good) (Exceeded expectations)	<input type="checkbox"/> C (Good) (Consistently met expectations)	<input type="checkbox"/> D (Needs Improvement) (Failed to meet expectations)

Competency Area: EMPLOYEE SAFETY

Performance Planning: Importance of Employee Safety Competency for this position?		
<input type="checkbox"/> Very Important (Critical. Lack of competence results in poor quality of work.)	<input type="checkbox"/> Important (Necessary. Lack of competence limits work quality to a satisfactory level.)	<input type="checkbox"/> Not Applicable (Competency in this area is not important to this job.)

Factor: Responsibility

- ☐ Complies with employee safety standards, directives and regulations.
- ☐ Promotes a safe work environment for all employees.
- ☐ Instructs others on recognizing employee safety hazards.
- ☐ Reports all employee accidents and injuries.

A. Factor: Performance

I. ☐ Wears and uses all appropriate safety equipment.

- ☐ Demonstrates knowledge of employee safety requirements of the job.
- ☐ Identifies hazards in own personal work environment and takes appropriate action.
- ☐ Participates in safety meetings and training.
- ☐ Inspects worksites for potential hazards and safety compliance and takes appropriate action to correct deficiencies.

B. Factor: Leadership

- ☐ Requires all assigned employees to report all accidents and injuries.
- ☐ Conducts safety meetings and training.
- ☐ Promotes a safe work environment for all assigned employees.
- ☐ Motivates employees and inspires a safety conscious culture.

Final Employee Safety Competency Rating			
<input type="checkbox"/> A (Outstanding) (Consistently exceeded expectations and /or made unusual & significant contributions)	<input type="checkbox"/> B (Very Good) (Exceeded expectations)	<input type="checkbox"/> C (Good) (Consistently met expectations)	<input type="checkbox"/> D (Needs Improvement) (Failed to meet expectations)

SUPERVISOR COMMENTS <i>(Attach additional sheets, if necessary)</i>

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EMPLOYEE COMMENTS <i>(Attach additional sheets, if necessary)</i>

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Rating Levels Definitions

Effective for the 2005-2006 Performance Cycle

Definition of Level 4 - Outstanding

This rating represents a consistently exceptional employee with documented performance achievements or an employee who shows consistently superior achievement(s) beyond the regular assignment. Employees at this level make exceptional contribution(s) and have a significant and positive impact on the performance of the unit or the organization and may materially advance the mission of the organization. This employee provides a model for excellence and helps others to do their jobs better. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.

Definition of Level 3 – Very Good

This rating level encompasses the accomplished performers who consistently exhibit the desired competencies effectively and independently while frequently exceeding expectations, standards, requirements, and objectives of the job assigned. Their work has a documented impact beyond the regular assignments and performance objectives that directly supports the mission of the organization.

Definition of Level 2 - Good

This rating level encompasses a range of expected performance. It includes those employees who exhibit competent work behaviors, skills, and assignments for the job as well as those employees who are successfully developing in the job. These employees are meeting all the expectations, standards, requirements, and objectives on their performance plan and, on occasion, may exceed them. This is the employee who reliably performs the job assigned.

Definition of Level 1 – Needs Improvement

This rating level encompasses those employees whose performance does not consistently and independently meet expectations set forth in the performance plan as well as those employees whose performance is clearly unsatisfactory and consistently fails to meet requirements and expectations.

Marginal performance requires substantial monitoring to achieve consistent completion of work, and requires more constant, close supervision. Though these employees do not meet expectations, they may be progressing satisfactorily toward a level 2 rating and need to demonstrate improvement in order to satisfy the core expectations of the position.